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BY THE HOUSE OF DELEGATES,

January 6, 1848.

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REPORT

OF

THE COMMITTEE,

APPOINTED TO CARRY INTO EFFECT

RESOLUTION NO. 8, OF DECEMBER SESSION 1840.

REPORT.

To the Honorable WILLIAM J. BLAKISTONE,

Speaker of the House of Delegates:

The undersigned, a committee appointed by the last Legislature, to investigate the proceedings, documents, books and papers of the Commissioner of Loans for the year 1846, and to examine the statements of the Treasurer in relation to certain bonds purchased or obtained for the augmentation of the Sinking Fund, &c., agreeably to the provisions of Resolution No. 8, of December session 1840, report as follows.

They met at the Loan Office in the city of Baltimore, and gave to the proceedings, books and papers of that office a most minute and careful examination. By the transfer book they found that the sum of \$671,014 49 was issued and transferred, from the 1st January to the 31st December 1846. Each certificate of stock was submitted to the inspection of the committee; compared with the issue and transfer books, was found to correspond, and destroyed. The statement marked A, herewith submitted, and made by the Commissioner of Loans to the last Legislature, was also examined in detail, and found to agree with the transfer books.

In the examination of the transfer books, the committee found that the Commissioner of Loans had, under the authority given him by the Legislature, issued bonds to the amount of \$25,120 for the building of the State Tobacco Warehouses; one hundred and twenty dollars of which was under the act of December session 1839, chapter 323, and twenty-five thousand dollars under the act of December session 1845, chapter 97.

Under the resolution of December session 1845, No. 12, authorising the re-payment of taxes to certain banks in the city of Baltimore, for taxes improperly paid into the State Treasury by said banks, and sundry stockholders thereof, the Commissioner of Loans had issued certificates of interest to those entitled to receive. The certificates thus issued were accompanied by satisfactory evidence of the payment of taxes and the amount so paid. The committee herewith submit a statement, marked B, exhibiting the sums in detail. The vouchers were also duly examined, and the

amount refunded to the 23d October 1847, was \$10,270. Several small errors occurred in these issues, amounting to \$4 48, which was at once corrected, and that sum placed to the credit of the Treasurer.

The coupons received by the Commissioner of Loans, amounting to \$253,473 86, were carefully counted and compared with the cash book, and burnt. They were found to correspond, both with the cash book entries and the statement furnished to the Legislature by the Commissioner of Loans, and herewith submitted marked C. The amount of coupons received in 1846, shewed an excess of \$35,284 21 over the amount received in 1845. For all coupons due previous to the year 1843, the cash was paid, and for those due subsequent to that period, certificates of interest were issued.

The certificates issued on account of interest due in 1841 and 1842, and the cash payments made for those certificates were duly examined. The sum of \$27,327 49, was paid on this account and will fully appear by statement D, made by this committee, and herewith submitted.

In the long and laborious duty, which the examination of coupons and certificates of interest, received in the accounts of the collectors of State taxes, imposed upon the committee, their task was rendered still more arduous by the careless manner in which many of these accounts were rendered. It is the most troublesome and extended duty the committee have to perform, and the accounts of the present were one-third greater in number, than those of any previous year. Many thousands of certificates are received through these collectors, and each certificate has to be traced through a series of books, to the one from which it was issued, to see if its date, number and amount correspond, before it is cancelled. The certificates and coupons thus received from collectors were destroyed by the committee, and amounted to four hundred and forty-two thousand eight hundred and seventy-one dollars, and thirty-six cents, (\$442,871 36.)

The examination of the books from which certificates of interest were issued offered another heavy and laborious task to the committee. These issues were not only for the interest due on State stocks, but in exchange for coupons surrendered to the Commissioner of Loans. They had largely increased, and as the issues are not always made at the time of depositing coupons, or upon the interest as it becomes due, their examination formed a perplexing and lengthened part of the duty of the committee. Under the present custom of the Loan Office; an individual deposits in coupons, or has due him \$2,000 on the 1st January 1846. For this sum he gets between three and four hundred certificates of \$5, \$5 25 and \$5 50 or \$6, as he may desire, and at such times as his convenience dictates. He may not thus run his \$2,000 out for more than two months after his deposit, and it is left to the committee to trace these various certificates through numerous books, and see that the

issues correspond with the amount deposited. In this branch of our duty we found the accounts remarkably correct, with the exception of that of James Lowndes. The transactions of this gentleman with the Loan Office are of very large amount, and we found the following sums over issued to him at the times specified:

1846, January 1—Over issue on deposit of this day,	\$8 75
“ July 1—Over issue on this deposit of,	168 73
“ August 11—Over issue on this deposit of	23 51
“ Dec'r. 4—Over issue on this deposit of,	362 32

Making the total amount of over issue, - - - - \$563 31

These errors occurring in so large and complicated an account as that of Mr. Lowndes, and running through an entire year might probably be expected. No loss, however, could accrue to the State, from any over issue of reasonable amount, *except that the error might not be discovered.* Mr. Lowndes has always had in the hands of the Commissioner of Loans, coupons more than sufficient to meet any probable deficiency that might occur for over issues of certificates of interest. The sum of \$563 31, thus overdrawn by Mr. Lowndes was immediately settled by the Commissioner of Loans, and coupons for that amount were destroyed. We also found in the issue books, many certificates marked “*cancelled*,” after their issue, by the Commissioner of Loans. These certificates were found to agree with the issue book in number, date and amount, and were accordingly destroyed.

Several small errors also occurred in some of the accounts from the State tax not having been deducted from the coupons upon their settlement at the Loan Office. The tax, however, was subsequently taken off and the accounts corrected. A certificate issued to James Lowndes for \$33, for interest due in 1843, was erroneously paid in cash, but on the discovery of the error by the committee, the account was immediately adjusted.

In our examination at the Loan Office the committee were particularly struck with the importance of having all coupons registered and cancelled immediately on their presentation and settlement. It is the duty of the State to throw all possible safeguards around her financial concerns, and this is one of those precautionary measures which is deemed important, as it will forever prevent the possibility of coupons being used to the detriment of the State. We would therefore recommend that the Commissioner of Loans should be allowed a reasonable sum, as compensation for any additional clerk hire he may require to carry this object into effect.

The cash book of the Loan Office was next duly examined and compared with the dividend and certificate books, and the vouchers of the expenses of office. The several sums paid and received were particularly stated and set forth therein, and the following statement will exhibit the receipts and disbursements :

Balance in cash in Loan Office 31st Dec. 1845,	\$35,200 89
Cash received of Treasurer for interest due in October 1842, and bonds Annapolis and Elk Ridge Rail Road,	57,722 12
	<hr/> \$92,923 01
Disbursements for interest and expenses,	44,491 98
	<hr/> \$48,431 03
Balance in Loan Office in cash 1st April 1846,	-
Received from Treasurer from 1st of April to 30th June 1846, on account of interest due on Washington Branch Road for interest due in 1842,	62,836 64
	<hr/> \$111,267 67
Disbursements for interest and expenses same quarter,	33,021 39
	<hr/> \$78,246 28
Balance in Loan Office in cash 1st July 1846,	-
Received from Treasurer from 1st July to 30th September 1846, for interest due on sterling debt 1st January 1842, and payable in London,	106,216 66
	<hr/> \$184,462 94
Disbursements and interest for same quarter,	134,597 57
	<hr/> \$49,865 37
Balance in Loan Office in cash 1st September 1846,	\$49,865 37
Received from Treasurer from 1st October to 31st December 1846, on account of interest on Washington Branch Road, Annapolis and Elk-Ridge Rail Road Company, and arrearages of interest,	45,941 69
	<hr/> \$95,807 06
Disbursements for interest, &c. same quarter,	64,633 14

Balance in cash in Loan office 1st January 1847, \$30,874 92

This bal. of \$30,874 92 is greater by the sum of \$3,771 31, than that reported by the commissioner of Loans to the Treasurer. The discrepancy occurs from an omission of the sum of \$3,771 31 not having been added to the account of sums received from the Treasurer, although it was properly credited on the cash books of the Loan office.

The committee next examined the proceedings of the Treasurer in relation to the bonds obtained for the augmentation of the sinking fund. They found he had purchased from the 1st December 1845, to the 1st January 1846, seven certificates of State Stock, amounting to the sum \$3,797 85 which certificates were duly examined and burnt. The Treasurer also submitted to the inspection of the committee eighty-five sterling 5 per cent bonds purchased by him for the same purpose, and amounting to £24,625 or one hundred and nine thousand four hundred and forty-four dollars and forty-two cents. These sterling bonds, having all

of them, the coupons attached, were left in his hands to enable him to receive the interest thereon. A full statement of these bonds is herewith submitted, marked E.

By reference to the report of the committee of 1845, it will be found that 2496 coupons returned by Chesapeake and Ohio Canal Company, and amounting to \$95,449, were reported as having been counted by that committee and burnt. These coupons were omitted to be burnt, and although extending the labors of the present committee, we did not deem it right to let so large an amount of coupons remain in this position, and accordingly re-counted and burnt them.

During the past summer a large amount of coupons was received from the house of Barings of London, in conformity with the resolution of last session, No. 12. Although these coupons were mostly paid during the year in which this committee was charged with the examination of the proceedings of the Loan Office, yet they did not deem themselves charged with the duty of examining this return. They believe that no detriment to the State could possibly ensue from their remaining in the Loan Office, in the situation in which they were received from London. They were also unwilling, and did not intend to add or extend their labors beyond what was positively required by the resolution under which they acted. The labors required of them were already arduous enough, without any such addition, and they simply placed their seals upon the package.

The committee deem it proper to state that, their labors have been lengthened, by the inability of the gentleman appointed on the part of the Senate to meet them, except in the early part of their duty. That gentleman evinced every disposition to take his share of the duty imposed upon us, but the heavy affliction with which he has been visited, precluded the possibility of his attendance. In addition to this, the operations of the Loan Office have, from year to year, so materially increased, that no idea can be formed of the vast labor and time required to perform the duties of the committee until it is demonstrated by actual service.

To the Commissioner of Loans and his clerk, it is but justice to acknowledge their courteous attention, and the facilities afforded the committee to aid their examination.

In conclusion, the undersigned have endeavored to discharge the duty entrusted to them, to the best of their ability, and they believe they have minutely and carefully examined into all matters embraced in the resolution of December session 1840, No. 8, and now submit the results of their investigation.

JAMES M. SHELLMAN,
S. W. SPENCER,

Committee on the part of the House of Delegates.

ANNAPOLIS, January 6th, 1848.

[Document D.]

ANNUAL REPORT

OF

THE TREASURER

OF THE

STATE OF MARYLAND,

FOR

DECEMBER SESSION 1847.

TO THE

GENERAL ASSEMBLY OF MARYLAND,

IN PURSUANCE OF AN ACT OF THE LEGISLATURE, PASSED AT
DECEMBER SESSION, 1824, ENTITLED, AN ACT RELATING TO
THE TREASURER OF THE WESTERN AND EASTERN SHORES.

ANNAPOLIS:
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1847.

